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# IMPLEMENTATION OF RECOMMENDATIONS ARISING FROM THE IN-DEPTH EVALUATION OF THE TRAINMAR PROGRAMME

Report by the UNCTAD secretariat

**EXECUTIVE SUMMARY**

This progress report contains a presentation of the measures taken by the secretariat over the last 10 months with respect to the implementation of the recommendations arising from the in-depth evaluation of the Trainmar Programme. It provides information on the integration of Trainmar, TrainForTrade and the Port Certificate, and on the consolidation and further enhancement of human resources development (HRD) activities. Most recommendations have already been implemented and a new HRD strategy for training and capacity building is now focusing on: (a) providing technical assistance, particularly to the least developed countries; (b) increasing cooperation with other UNCTAD divisions and programmes; (c) promoting the use of modern techniques such as distance learning to facilitate the delivery of training courses; and (d) designing a new website for networking, virtual support and exchange of information among high-level institutions.

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## INTRODUCTION

1. The Working Party on the Medium-term Plan and the Programme Budget decided to review at its thirty-ninth session in September 2002 the implementation of the recommendations arising from the in-depth evaluation of the Trainmar Programme. The present report was prepared in response to that decision. In its section I, it describes activities undertaken in the last 12 months as follow-up actions to the evaluation of the Programme. In section II, it indicates the remaining action to be undertaken for the full implementation of the recommendations arising from the evaluation.

## I. IMPLEMENTATION OF RECOMMENDATIONS

2. The 12 recommendations contained in the evaluation report of the Trainmar programme (TD/B/WP/144) were grouped into five blocks as follows:

| **Block 1** | **Termination of Trainmar in its current form** |
|---|---|
| Rec. 1 | The Trainmar programme should be terminated in its current form; |
| **Block 2** | **HRD strategy for the integration of the Trainmar, TrainForTrade and Port Certificate programmes** |
| Rec. 2 | The activities concerned with pedagogic capacity building and substantive support should be continued, subject to recommendation 3 below; |
| Rec. 3 | A comprehensive HRD strategy should be developed for the integration of the relevant Trainmar components with TrainForTrade and the Port Certificate into one programme activity, taking into account other training activities in UNCTAD that follow from the work of its substantive units, such as the Trade Logistics Branch; |
| Rec. 4 | The Central Support Team (CST) as such being discontinued is a condition for the recommendations above, as is the expectation that UNCTAD will reorganize the secretariat HRD unit for the purpose of the joint activities; |
| Rec. 5 | The HRD unit should be adequately staffed in terms of numbers and qualifications, and have access to relevant substantive and pedagogic resources, in order to apply acceptable principles for strategic planning, setting targets and time frames for activities, and retaining control of programmes; |
| **Block 3** | **External independent advice** |
| Rec. 7 | A small advisory group of qualified persons with relevant experience and without direct involvement in the programme should be established for strategic guidance of the HRD group; |
| **Block 4** | **Pedagogical materials** |
| Rec. 8 | The curricula of Trainmar, TrainForTrade and the Port Certificate should be integrated, updated and strengthened in regard to both substantive scope and level; |
| Rec. 9 | An integrated curriculum as between Trainmar, TrainforTrade and the Port Certificate should be prepared for delivery in both conventional and distance learning modes; |
| Rec. 10 | The curricula should be organized in such a way that they become useful for delivery by training institutions, as well as being incorporated in national education systems; |

| Block 5 | Networking and sustainability |
|---|---|
| Rec. 6 | The HRD Section should, *inter alia*, base its substantive support activity on providing information on courses, course materials and services which are available in the international community of educational institutions and from other international organizations. For this purpose UNCTAD should, *inter alia*, maintain an effective website; |
| Rec. 11 | Training organizations that receive assistance through the above should be encouraged in their efforts towards commercial autonomy or other forms of self-sustainability. They should be free to market their products and services for such purposes; |
| Rec. 12 | Materials and courses developed by UNCTAD should be freely available for non-profit utilization by interested parties, but may be used in commercial contexts for the purpose of sustainability, on condition that this is approved by UNCTAD. |

3. Most activities to implement the above recommendations were/are carried out by staff from the HRD section in cooperation with other UNCTAD substantive sections/services as appropriate.

**Block 1: Termination of Trainmar in its current form (Rec. 1)**

4. To terminate the Trainmar Programme in its current form (Rec. 1), the secretariat took action to:

(a) Inform the Trainmar networks of the termination in its current form of the programme and the development of a new strategy;

(b) Close ongoing technical assistance programmes;

(c) Delete the reference to UNCTAD in connection with Trainmar;

(d) Discontinue the Trainmar CST.

5. At the end of May 2001 the secretariat informed all training centres of forthcoming adjustments in the organization of the Trainmar, TrainForTrade and Port Certificate programmes as a result of the evaluation. They were informed of the main recommendations arising therefrom as well as about the strategy the secretariat was preparing in order to enhance the efficiency of the training programmes. The complete evaluation report and the new organization chart for the HRD section were to be consulted on the http://www.unctad.org/trainfortrade/ website.

6. At the same time the centres were notified of the termination of the Trainmar Programme in its current form and the integration of its relevant components with the TrainForTrade and Port Certificate programmes under the same TrainForTrade. They were also informed that a new framework for technical assistance would integrate the former system of Trainmar cooperation.

7. The use of the UNCTAD logo in connection with Trainmar activities was discontinued in all training activities, whether it be the development of pedagogic materials, the organization of seminars and workshops, or information about activities that may be initiated, including information on the Internet.

8. The work of the Trainmar CST was discontinued. Resources have been integrated into a new HRD structure, which is described in paragraph 14 of the present report.

**Block 2: HRD strategy for the integration of the Trainmar, ex-TrainForTrade and Port Certificate programmes (Recs. 2–5)**

9. In addressing recommendations 2, 3, 4 and 5 the secretariat carried out its work in accordance with a number of priority objectives that could respond to the needs of countries, particularly least developed countries, and facilitate the integration of the three capacity-building programmes, i.e. the Trainmar, ex-TrainForTrade and Port Certificate programmes:

(a) To enhance the overall SITE/HRD strategy;

(b) To reorganize the HRD section accordingly;

(c) To reinforce, within the strategy, interaction between the SITE/HRD section, other substantive activities within the SITE division and other UNCTAD divisions and programmes.

10. A twofold HRD strategy (Rec. 3) has been progressively developed to strengthen training capacities in developing countries in the fields of international trade and trade-supporting services, investment promotion and port management. The HRD section has developed a website (http://www.unctad.org/hrdsite) with a view to facilitating communication among training institutions on available pedagogical materials and expertise. Elements and functions of the website are indicated in paragraphs 38 and 39.

11. A new strategy for technical assistance has been developed in parallel to build up and reinforce, through national or regional projects, training capacities in developing countries. It is based on the use of the Train-X methodology and encompasses the analysis of training needs in the countries concerned, the establishment of a plan of action for beneficiaries, the development of pedagogic materials, delivery of training, and implementation of capacity-building and training-of-trainers procedures.

12. A core component of project activities is the establishment in each country of a national steering committee to coordinate training capacities. These committees bring together government representatives from the ministries concerned, decision makers from the private sector, universities and distance learning institutions. In the case of regional projects, a regional steering committee brings together once a year a representative of each national steering committee, and representatives from donor institutions and from the executing agency. The procedure has been established to channel synergies from the various national

institutions and to facilitate the sustainability of activities in Benin, Burkina Faso, Gabon, Mali and Senegal.

13. To help ensure sustainability at country level, national specialists are identified and trained. They will deliver training courses in the future and assist in the adaptation of the pedagogical material to local needs. Specific seminars are designed for the training of future trainers: course developers, instructors and distance learning tutors need techniques and methodologies for a successful delivery.

14. To enable the integration of Trainmar, ex-TrainforTrade and the Port Certificate, and to carry out activities foreseen within the HRD strategy, the secretariat put in place, as of September 2001, a new structure comprising seven competencies related to the various aspects of the programme: (a) pedagogic and methodology support; (b) technical assistance and strengthening of training capacity; (c) elaboration of HRD policies for beneficiary countries; (d) project development; (e) distance learning development; (f) websites administration; and (g) information and communication. HRD staff have been allocated to at least one of those areas (Rec. 2).

15. Resources of the Trainmar CST have been integrated with those of the ex-TrainForTrade and Port Certificate programmes. This process has increased synergies within the section and created the appropriate critical mass of expertise. However, administrative support is still insufficient.

16. Now all HRD staff are trained in the Train-X methodology. Their capacity to play an active role in developing effective training has been enhanced. Staff are now participating in the development of pedagogic materials, in traditional or distance learning modes, and in course validation.

17. As a member of the Train-X network,[1] TrainForTrade has access to highly experienced pedagogic expertise in the Train-X methodology. Through partnerships with universities and training institutions, the substantive and pedagogic resources of the HRD section have also been reinforced. They have been made available by Ecole Polytechnique Fédérale de Lausanne (EPFL), Université Libre de Bruxelles (ULB), ILO Training Centre at Turin, Istituto nazionale per il Commercio Estero (ICE), Institut de Formation et d'Echange Portuaire de Marseille (IFEP) and the EDUSUD (ex RESAFAD) network for distance learning delivery. Protocols have also been signed with the Open University of Lisbon and with Universidad Nacional de Educación a Distancia (UNED), located in Madrid, for distance learning courses in Portuguese- and Spanish-speaking countries.

18. The HRD section is working in close collaboration with UNCTAD substantive divisions and programmes with a view to bringing together the pedagogic aspect and the

[1] The following training programmes are also members of the Train-X network : CODEVTEL, the training programme of the International Telecommunication Union; TRAINAIR, the training programme of International Civil Aviation Organization; TRAIN-SEA-COAST, the training programme of United Nations Secretariat in New York; TRAIN-POST, the training programme of the Universal Postal Union; and CC: TRAIN, the training programme of the United Nations Institute for Training and Research; as well as UNDP for the funding parts.

substantive content of course materials. A cooperation structure between the HRD section and substantive divisions has been designed. It is built on the use of the Train-X methodology, implementation of training-of-trainers procedures and networking efforts.

19. Currently, active collaboration is under way with the following substantive sections: the Trade, Environment and Development Section (DITC), Competition Law and Policy, and Consumer Protection Section (DITC), Investment Promotion Section (DITE), DMFAS Programme (GDS), Electronic Commerce Branch (SITE), Trade Facilitation Section and Transport Section in the Trade Logistics Branch (SITE).

20. Following the same pattern of cooperation, the HRD section has initiated an inter-agency exercise (UNCTAD/ILO) for the joint development and delivery of a course on "mainstreaming trade issues and core labour standards into development policy".

21. The interaction between the SITE/HRD section, other substantive activities within the SITE division and other UNCTAD divisions and programmes is shown in table 1.

**Table 1**
UNCTAD in-house cooperation

| Training and capacity-building activities | Responsibilities of the HRD Section (methodological support) | Responsibilities of other Sections (subject matter expertise) |
|---|---|---|
| **Training needs analysis** | Training plan of action | Technical analysis |
| **Course development** | Design and harmonization of the training material<br>Quality control | Technical content<br>Updating of training material |
| **Training of trainers** | Pedagogic and methodological support | Substantive support and development of content |
| **Networking** | Support and development of cooperation between universities and training centres | Information and data |

22. In the light of the recommendations, the relevant former Trainmar activities have been combined with those of the Port Certificate and form the new Port Training Programmes.[2]

23. The new Port Training Programme was endorsed during the International Meeting of Leixoes (13–16 May 2002, Oporto, Portugal). Forty-six representatives from the private and

[2] The new Port Training Programme is a component of the new TrainForTrade programme.

public sectors in developing countries[3] examined the progress achieved by the Port Certificate programme. Twenty-one representatives also attended the meeting from the following developed countries: Belgium, France, Italy, Netherlands, Norway, Portugal and Spain.

24. The results of the meeting may be summarized as follows:

- Participants recognized that the extension of the new UNCTAD Port Training Programme should entail commitments, particularly financial ones, from beneficiary countries.
- After the good experience with implementation in French-speaking countries and the initial activities in Portuguese-speaking ones, attention should be paid to the implementation of the new UNCTAD Port Training Programme for English-speaking countries. Distance learning tools should be considered as an important component of this new strategy.
- Participants recognized that the partnerships between UNCTAD and port organizations from developed countries were of great value, including through contributions to the new scheme.
- UNCTAD is requested to maintain and provide information free of charge to help users of the new HRD website expand their training capabilities.
- The V-Net (Virtual Network) section of the website should be maintained and updated to provide the users of the network with operational and substantive information related to project execution on a restricted and secure basis.

25. Special attention has been paid to strengthening cooperation between the HRD Section and the Trade Logistics Branch of SITE (Rec. 3). Joint activities are undertaken with the Transport Section for course development and implementation of training programmes concerning ports. These involve in particular the design of a new course on "ICT for port communities" and implementing the Port Certificate in English-speaking developing countries.

**Block 3: External independent advice (Rec. 7)**

26. To provide external advice and guidance to the HRD group (Rec. 7), the evaluation team recommended the establishment of a small advisory group of qualified persons. The terms of reference for this group were prepared by the secretariat, and circulated to Geneva-based missions in May 2002 with a request for the submission of candidates.

27. The group will analyse the evolution of UNCTAD's training activities in order to determine elements that need to be strengthened, developed or modified within the framework of the newly defined strategy. It will put forth proposals which its members deem

[3] Angola, Benin, Brazil, Cape Verde, Cambodia, Cameroon, Congo, Côte d'Ivoire, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Mauritius, Mozambique, Namibia, Sao Tome and Principe, Senegal, South Africa, Togo, Tunisia and the United Republic of Tanzania.

necessary for improving the work being carried out, and in particular concerning the following points:

- Facilitating the integration of Internet communication and distance learning tools into training programmes;
- Proposing strategies for the reinforcement of local training capacities with the support of an integrated network of training and distance learning institutions;
- Developing a framework between UNCTAD and the partner's institution in terms of training and capacity building, including training of trainers;
- Cooperating with specialized professional institutions;
- Access to financial resources for the development of technical cooperation projects on training and capacity building, in particular for the least developed countries.

**Block 4: Pedagogical materials (Recs. 8-10)**

28. In order to implement recommendations 8, 9 and 10 the secretariat:

(a) Reviewed Trainmar pedagogic materials developed in Geneva by UNCTAD;

(b) Developed an integrated HRD curriculum;

(c) Prepared an UNCTAD strategy for course delivery in both conventional and distance learning modes;

(d) Explored new ways of cooperation with educational institutions and universities.

29. The HRD Section is developing an integrated HRD curriculum in cooperation with UNCTAD substantive divisions and outside partners. It covers four main areas: (a) efficiency in port communities (SITE); (b) investment promotion (DITE); (c) trade and trade-related services (DITC); and (d) training methodology. Detailed information on courses is provided in table 2.

30. Three sets of course materials were considered relevant and therefore selected from existing Trainmar training materials (Rec. 8). The courses will be fully updated and will comprise the post Port Certificate specialization courses in port management. The focus will be on operational priorities of the port communities and cover the fields of "information and communication technologies in ports (ICT)", "port pricing" and "port marketing". The preparation of a course on ICT in ports started during the first of quarter of 2002.

31. While training materials are initially developed for conventional delivery, the secretariat has explored various possibilities of delivering training in distance learning (DL) mode (Rec. 9).

32. On the basis of its experiences the HRD Section has developed a strategy for the delivery of training courses using distance learning techniques. It takes into consideration the existing capacities, means and possibilities in developing countries. It recommends the design of specific solutions for the delivery of distance learning courses that can integrate several training techniques according to the interests of beneficiary countries.[4]

33. An initial experiment with a distance training cycle was carried out in November 2001, during four half-day sessions over a period of one month, on competition law and policy.[5] Pedagogic material was specifically prepared for that delivery. It comprised a participant's manual, a user's guide, a CD-ROM with multimedia presentations, videos and case studies and evaluations adapted to the local situation. Thirty high-level officials (10 from Benin, 10 from Burkina Faso and 10 from Mali) were trained simultaneously. This preliminary seminar was followed by a traditional workshop held in Ouagadougou (Burkina Faso), where participants, selected from the previous distance learning exercise, received in-depth training.

34. A pilot exercise was undertaken from 1 October 2001 until 31 March 2002 with the expertise of Marseille, Dunkerque, Ghent, Senegal and Comoros for the delivery of the e-Port Certificate, the distance learning version of the training course for middle managers from the port communities. Trainees were provided with a CD-ROM, a user's guide, a participant's manual, videos, tests and exercises in accordance with a daily work plan. Consultations with the director of studies and the instructors were made through an Internet chat/forum once or twice a week. At the end of the course, trainees were invited to present a dissertation in Geneva.

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[4] Detailed information is available in a paper entitled "Strategy for implementing a distance learning (DL) process in UNCTAD – strengthening training capacities in international trade in developing countries".

[5] This work was carried out in cooperation with DITC.

**Table 2**

Integrated HRD curriculum

| **Efficiency in port communities** | **English** | **French** | **Spanish** | **Other** |
|---|---|---|---|---|
| Port certificate for middle managers | In preparation | Completed | | Completed in Portuguese |
| ICT for port communities | In preparation | | | |
| Multimodal transport for top policy makers and logistics | | Completed | | |
| Port pricing | To be developed | | | |
| Port marketing | To be updated | | | |
| **Investment promotion** | **English** | **French** | **Spanish** | **Other** |
| Third-generation investments promotion: investor targeting | Completed | In preparation | | |
| Good governance in investment promotion and facilitation | In preparation | | | |
| **International trade and trade-related services** | **English** | **French** | **Spanish** | **Other** |
| Trade, environment and development | Completed | Completed | | |
| Formulation of a competition law and policy | In preparation | Completed | In preparation | |
| Implementation of a competition law and policy | In preparation | Completed | In preparation | |
| Analysis of the effects of international trade policies with a global model | Completed/under revision | Completed/under revision | | |
| Legal aspects of electronic commerce | In preparation | | | |
| DMFAS system operators workshop | In preparation | | | |
| Mainstreaming trade issues and core labour standards into development policy | In preparation | | | |
| International trade financing procedures | | In preparation | | |
| **Training methodology** | **English** | **French** | **Spanish** | **Other** |
| Course development workshop | Completed | Completed | | |
| Instructor workshop | Completed | Completed | | |
| Distance learning delivery for instructors and tutors | | Completed | | |

35. In cooperation with universities, and within UNCTAD training programmes, a path is being pursued for the accreditation of professional experience into university programmes (Rec. 10). The system allows for the integration of UNCTAD operational training curricula in institutes of higher learning. It is built on the following elements:

- National Steering Committees, established in every TrainForTrade partner country, that bring together national economic players, distance learning institutes, and educational institutions and universities;

- A procedure for "accreditation of professional experience" in educational systems that has been established on an experimental basis.

36. Pilot exercises in this field are being conducted. The port community and the University of Cotonou will carry out a pilot exercise for the delivery of the Port Certificate. To that end, a memorandum of understanding is being signed between the Ministry of Transport and the University. The integration process was presented at the international meeting of Leixoes (Portugal) in May 2002 to delegations from 31 countries, which are considering this initiative with particular interest. In Romania a TrainForTrade postgraduate diploma is being offered by the Academy of Economic Studies as part of the regular curriculum of economic studies, and a Romanian national network of TrainForTrade centres was set up and is operational.

**Block 5: Networking and sustainability (Recs. 6, 11 and 12)**

37. In addressing recommendations 6, 11 and 12, the secretariat worked around four activities:

(a) Designing and publishing the HRD Section main website;

(b) Designing and publishing the Internet area for virtual networking (V-Net);

(c) Controlling access to the V-Net through "Terms and conditions of use of the V-Net";

(d) Informing UNCTAD training centres.

38. The HRD Section designed a website (http://www.unctad.org/hrdsite), which became operational in early May 2002 (Rec. 6). This website was created with the purpose of:

- Providing an entry point to the new programme which encompasses TrainForTrade, Port Management and the Distance Learning Platform;
- Presenting the new strategy for technical assistance projects;
- Providing information regularly about current and scheduled activities (mainly training projects and meetings) and other news/communications; and facilitating virtual networking among training centres that are partners of the HRD Section

(exchange of up-to-date information, material, links and services through an Internet area called the V-Net).

39. As for the Internet area for virtual networking, the V-Net, it is a restricted-access area regulated by a constitution ("Terms and conditions of use of the V-Net"). It provides information on:

- Centres that are partners of the HRD Section;
- Available courses and pedagogic support;
- Scheduled events of each centre, directly editable and uploadable by the institution to the V-Net site through an Internet browser;
- Search facilities among documents contained on the V-Net site.

40. A letter was sent out in May 2002 inviting all training centres to become members. In order to do so, each potential user should:

- Ensure that the institution meets the minimum/recommended technical requirements in order to access the V-Net through the Internet;
- Provide UNCTAD with the necessary information for creating on the site a page dedicated to the institution and pages about available courses/expertise;
- Sign the legal document ("Terms and conditions of use of the V-Net") setting out the agreement between UNCTAD and each institution.

41. In countries where the HRD Section undertakes technical assistance, national (or regional) pedagogic committees carry out national (or regional) management of training activities. These committees bring together the main economic actors, universities and distance learning centres concerned. They define locally all financial conditions for participation in the training programme.

42. Materials and courses developed by UNCTAD are a tool for building capacity. Therefore, they are available free of charge for non-profit utilization by the beneficiary countries if countries themselves provide for and follow up on the following activities:

- Definition of training priorities;
- Identification of national trainers;
- Adaptation of pedagogic material to local realities;
- Identification of local pedagogical structures (universities, distance learning centres, etc.) with which committees will cooperate;
- Evaluation of the impact of the training.

43. The autonomy of every training centre is based on three criteria:

- The capacity, at national level, to provide guidance in the field of training, taking into consideration the economic priorities of the country; this is the role of the National Steering Committee;

- The capacity, at national level, to deal with training activities; this is developed within cost-shared technical assistance projects, which are partly financed by the beneficiary countries, thus ensuring long-term sustainability;
- The capacity to receive support from other institutions and organizations; this is the role of the new virtual network.

## II. ACTIVITIES STILL TO BE IMPLEMENTED

44. Recommendations 11 and 12 will be implemented once the provision of technical assistance to countries has been completed.

45. Activities have been carried out for French- and Portuguese-speaking countries. Funding is sought for the extension of activities to English- and Spanish-speaking countries, with the hope that such activities will begin in late 2002.

46. Recommendations 1, 3, 4 and 6 have been fully implemented. The approach to respond to recommendations 2, 5, 7, 8, 9 and 10 has been defined. Relevant activities have been initiated and will continue, since these are ongoing activities of the programme.

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# IMPLEMENTATION OF THE TRADE POINT PROGRAMME STRATEGY

Report by the UNCTAD secretariat

**Executive summary**

The present document reports on the implementation of the three-year Trade Point Programme Strategy adopted by UNCTAD member States in September–October 1999. The strategy will be fully implemented in 2002 when the Programme is transferred to the World Trade Point Federation. The informal consultations requested by the thirty-eighth session of the Working Party, held on 14 June 2002, identified challenges relating to the Federation's lack of funding for its secretariat support as well as for its capacity-building activities to improve Trade Points' self-sustainability. The informal meeting therefore suggested that UNCTAD could continue providing support to the Federation with regard to its secretariat and advisory services/capacity building for Trade Points. The results would then be reviewed at UNCTAD XI. The Working Party is expected to take a decision on these issues, keeping in mind the discussions that took place during the informal consultations.

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## INTRODUCTION

1. At its thirty-eighth session in September 2001, the Working Party on the Medium-term Plan and the Programme Budget discussed the progress achieved, as well as activities still to be undertaken in the framework of the three-year Trade Point Programme Strategy,[1] approved at its thirty-fourth session in September–October 1999. In order to facilitate the deliberations of the Working Party, UNCTAD had prepared the document entitled "Implementation of the Trade Point Programme Strategy: Progress report by the UNCTAD secretariat" (TD/B/WP/143) of 5 July 2001.

2. Following discussions during the session, the Working Party adopted a decision in which *inter alia* it:

(a) "*Takes note* with appreciation of the progress made in the implementation of the Trade Point Programme Strategy, in particular the creation of the World Trade Point Federation and the transfer to this entity of the ETOs system";

(b) "*Emphasizes* the importance of UNCTAD's role in sustaining and strengthening Trade Points and the World Trade Point Federation at its present stage of development"; and

(c) "*Requests* the Secretary-General of UNCTAD to submit to the September 2002 session of the Working Party a report on the implementation of the Strategy".[2]

3. The present report was prepared in response to the above request. In the past two years, the reports by the secretariat described the progress achieved during the previous year. However, since 2002 is the last year of the Strategy, this report will, in addition to describing the progress in the past year (section I), include an overall assessment of the implementation of the Strategy (section II) and a proposal with regard to the future role of UNCTAD in support of Trade Points (section III).

## I. ACTIVITIES UNDERTAKEN IN THE THIRD YEAR OF IMPLEMENTATION OF THE TRADE POINT PROGRAMME STRATEGY

4. As mandated by the thirty-eighth session of the Working Party (see paragraph 2(b) above), the main thrust of the secretariat's activities since September 2001 was on: (a) supporting the World Trade Point Federation on its way to become fully operational; and (b) preparing for the final transfer of the Trade Point Programme to the Federation by the end of October 2002, as provided for in the Trade Point Programme Strategy. The secretariat also

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[1] "Follow-up to the evaluation of the Trade Point Programme: Trade Point Programme Strategy", TD/B/WP/120, 9 August 1999.

[2] "Evaluation of technical cooperation activities: Decision by the Working Party", TD/B/WP/L.102, paragraph 7, 24 September 2001.

continued its efforts in the area of capacity building for Trade Points, using all internal and external resources that could be mobilized for this purpose.

## A. Progress of the World Trade Point Federation

5. As mentioned in the secretariat's report to the thirty-eighth session of the Working Party,[3] in order to ensure the sustainability of the Trade Point Programme once it has been transferred to the Federation, it is indispensable to help the Federation become fully operational and ready for self-management. The Federation faces a twofold challenge in this endeavour: (a) development of services for the Trade Point community that would be competitive in relation to the private sector; and (b) generation of sufficient financial resources to maintain the operation of the Federation at the central level, in particular as it relates to its secretariat and the conduct of its operational activities. It was considered that the development of strategic partnerships was the best way to meet this challenge.

6. Following this line of thinking, the first step to be undertaken was the definition of the Federation's strategic goals and ways of achieving them through cooperation with competent interested partners. To that end, the secretariat assisted the Federation in mobilizing the necessary funds for the development of its strategic business plan. Thanks to the generous support of the Governments of France and Belgium, this plan, prepared by an international consultancy company in cooperation with UNCTAD and the Federation, was finalized in October 2001. It defined the vision, mission and strategic objectives of the Federation, and the services that it should develop in order to better serve Trade Points and their client small and medium-sized enterprises (SMEs), provided an initial analysis of potential partners and prepared the necessary background documentation for approaching such partners.

7. On the basis of a priority-setting exercise, the three-year strategic plan was complemented by a more detailed and broadly oriented operational plan of the Federation for the year 2002 which defined the activities that the Federation should undertake as a follow-up to the strategic plan, as well as in areas beyond the scope of the plan, with a view to preparing for the transfer of the Programme in October 2002.

8. Both the strategic and the operational plan were unanimously approved by Trade Points at the Second General Assembly of the World Trade Point Federation, held from 19 to 21 November 2001 in Geneva. The Federation thus received a strong mandate from Trade Points to proceed with the planned activities, in particular in the area of negotiations with potential partners and development of the agreed services. The secretariat was providing the necessary support to the Federation in this process, as requested by member States at the meeting of the Working Party in September 2001.

9. Since December 2001 the Federation has started (and at times concluded) negotiations with potential partners with regard to the following services:

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[3] "Implementation of the Trade Point Programme Strategy: Progress report by the UNCTAD secretariat", TD/B/WP/143, paragraph 10, 5 July 2001.

### 1. ETO system

10. As reported by the secretariat to the thirty-eighth session of the Working Party in September 2001,[4] after its transfer to the Federation in May 2001 the then existing electronic trading opportunities (ETO) system was moved to Trade Points Madrid and Castilla La Mancha, Spain, to be hosted there on a temporary basis. It was clear, however, that the system needed further enhancements to increase its usefulness and competitiveness, for which the Federation needed to identify a strategic partner. In December 2001 it therefore invited expressions of interest in the management and further development of the ETO system.

11. The Federation subsequently received six formal offers, as well as four additional expressions of interest, from both Trade Points and private companies. After careful consideration of all the proposals and of the general context in which the ETO system was operating (Trade Points' insufficient participation in the system so far), the Federation decided to extend the contract with Trade Point Castilla La Mancha, Spain, on new conditions that included an obligation for the operator to carry out enhancements of the ETO system. The enhanced ETO system should be available in June 2002.

### 2. Global Trade Directory Service

12. The renovated Global Trade Point Network (GTPNet) developed by UNCTAD in 2000 also contained a service called "client database", which provided international exposure and visibility for Trade Point client SMEs through the Programme's central website. It was felt that it would be very useful to develop this service further in cooperation with a suitable strategic partner. To that end, the Federation launched a request for proposals (RFP) in February 2002. The RFP generated considerable interest and resulted in the submission of nine formal proposals. The bulk of them were from the private sector, including companies with a long-standing record in the provision of similar services. After examining all the proposals, the Federation held (on 31 May and 3 June 2002) a second round of negotiations with three shortlisted bidders, following which discussions continue only with the preferred candidate. The service is expected to be available in autumn 2002.

### 3. Certification of companies

13. Trust is the prerequisite for international trade transactions to take place, and increased credibility of Trade Point member companies could substantially improve their chances of concluding deals with partners from other countries. For this reason, the Federation started the search for suitable partners that would provide this type of services to Trade Point clients. Negotiations are at quite an advanced stage with one of the world's leading providers of credit rating and export credit insurance, as well as with one of the world's largest inspection and verification companies. A formal agreement with the former is expected to be concluded in June 2002, while the service provided by the latter company could be made available to Trade Points and their clients in autumn 2002.

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[4] *Ibid.*, paragraph 19.

14. Over the past year, the Steering Committee and its Bureau have been working closely together with a view to consolidating the Federation and preparing it for future challenges. The personal commitment of the Steering Committee members, especially the President of the Federation, and the support provided to them by their Governments are particularly worth noting in this regard. Since September 2001, four meetings of the Steering Committee or its Bureau have taken place in Geneva – in September and November 2001, and February–March and May–June 2002. These meetings prepared strategic decisions on future directions of the Federation and the selection of partners for the services that it intended to develop for the Trade Points and their client SMEs. Participation in these meetings was to a great extent sponsored by the Governments of the Steering Committee members' countries and international organizations.

15. Support to the Federation can also be documented by the offers that it has received from several UNCTAD member States for hosting the Third General Assembly Meeting in November 2002. Offers have been received from Jamaica, Lebanon and Thailand, and all of them contained financial commitments on the part of the host country. A decision was taken to hold the General Assembly Meeting in Lebanon.

16. The strategic business plan of the Federation also focuses on the financial aspects related to the operation of the Federation. It suggests that, like any newly created non-governmental organization (NGO), the Federation will still be, at the beginning of the three-year period covered by the plan, to a great extent dependent on public funding. However, as the services developed in cooperation with strategic partners gradually become operational and generate revenue, this source of revenue should prevail at the end of the plan's implementation period. This conclusion is confirmed by the actual situation. The Federation relies so far on contributions from international organizations (UNCTAD, ITC) or directly from member States for the funding of its activities. As mentioned above, services are nevertheless being developed that should diversify financial sources at the disposal of the Federation. The Federation is currently preparing a request to the Swiss authorities for a fiscal agreement that would exempt it (and its staff ) from cantonal and federal taxes. Such an agreement is subject to strict conditions and, so far, only five NGOs have been granted this status. A positive decision by the Swiss authorities would therefore be a sign of the credibility of the Federation.

17. The Federation also started to raise awareness about its activities and build its international reputation and position. In this context, it has applied for consultative status with ECOSOC. The reason for this move is that the Federation believes that it could contribute to the attainment of United Nations objectives by acting as a practical tool in relation to SMEs, thereby complementing the work undertaken at the intergovernmental level in the United Nations. The Federation has also approached several well-known international personalities, asking them to become its goodwill ambassadors.

### B. Progress in the externalization of the Trade Point Programme

18. The first priority set by UNCTAD member States was to externalize the segments of the Trade Point Programme that were of a business nature and where UNCTAD would run the risk of liability claims from businesses.

19. Following a specific request by member States,[5] the flagship business-oriented service of the Trade Point Programme – the ETO system – was transferred to the World Trade Point Federation in May 2001.

20. In accordance with the externalization strategy adopted by UNCTAD member States, UNCTAD officially transferred, in November 2001, the ownership of the names, trade marks and logo of the Trade Point Programme to the Federation. This now enables the Federation to launch the process of filing applications for the protection of intellectual property rights of the Programme worldwide. As a result, UNCTAD has been released from legal responsibility regarding the use of these names, trade marks and logo.

21. The next step was the transfer of the Trade Point Programme's remaining web-based activities provided to the Federation through the GTPNet website. In order to be able to take over these activities, the Federation decided to develop its own website (www.wtpfed.org). This project has been made possible thanks to the generous support of the International Trade Centre UNCTAD/WTO and partly of UNCTAD, which provided funding for consultants to develop the site. A report outlining the concept of the website and its future content, and also the first model of the site, were presented and approved by the Second General Assembly Meeting of the Federation (Geneva, November 2001). The website is meant to be a gateway to all the web-based services of the Federation (trade information, ETO system, Global Trade Directory Service, certification of companies, access to e-commerce market places, training and reference material related to international trade and electronic commerce, and others) and to provide information about the Federation and its members, and access to the websites of individual Trade Points.

22. The Federation also intends to have regional portals within the main website. For this purpose, each region appointed a Trade Point that would act as a regional web coordinator in charge of the development of the respective portal, under the general guidance and framework provided by the Federation. A meeting sponsored by ITC was organized in Geneva in April 2002 in order to advance the work on the website and its regional portals. The ultimate objective of the Federation with regard to the website is that it should become an everyday work tool for all Trade Points belonging to the Federation, and their client SMEs.

23. During this process, individual elements of the current GTPNet website have gradually been transferred and incorporated into the new website of the Federation. It is expected that when the first version of new website is finalized (in June 2002), the GTPNet site operated by UNCTAD will be closed. At that time, the secretariat will have completed

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[5] "Evaluation of technical cooperation programmes", TD/B/47/L.4, paragraph 12.

the transfer of all web-based and business-oriented activities of the Trade Point Programme to the Federation.

24. It is planned that the formal contract between UNCTAD and the Federation regarding the transfer of the entire Programme will be signed at the Third General Assembly Meeting of the Federation, to be held in Beirut, Lebanon, from 4 to 6 November 2002. After the contract has been signed the ownership of the Trade Point Programme, including all the related rights and obligations, will pass from UNCTAD to the Federation.

### C. Capacity building

25. Owing to the lack of extrabudgetary funding in UNCTAD, it was not possible to develop and deliver the courses for Trade Points nor to create the regional and local training capacity envisaged in the strategy. The secretariat has nevertheless co-organized capacity building activities (regional trade information workshops) for Trade Points using the resources provided by the International Trade Centre UNCTAD/WTO. Three events of this type took place in 2001, in New Delhi, India (April), St. Petersburg, Russian Federation (June) and Cairo, Egypt (November), and three in 2002, in Dakar, Senegal (January), Santo Domingo, Dominican Republic (March) and Shanghai, China (April).

26. Moreover, thanks to the funding from the Japanese Government made available under the project "Narrowing the digital divide for SMEs in international trade and electronic commerce – strengthening Trade Points in Asia/Pacific for regional cooperation", financed through UNDP, the Asia/Pacific region was able to benefit from enhanced capacity-building support. The first UNDP/UNCTAD training workshop for Asia/Pacific Trade Points was held in Geneva in November 2001 and a second one is scheduled for September 2002 in Chiangmai, Thailand.

27. In addition to training, all these events were geared to creating an appropriate framework and building the capacity for more intense regional cooperation among Trade Points. With support from the secretariat, in addition to the already existing Inter-American Trade Point Forum, an African Trade Point Initiative was launched in August 2001, and regional Trade Point Forums were set up in Asia (November 2001) and the Arab countries (December 2001). The project, funded by Japan, made it possible for the Asia/Pacific Trade Point Forum to meet in November 2001 in Geneva and in April 2002 in Shanghai, China. All these regional initiatives have defined objectives that they wish to attain for the benefit of their members and client SMEs, and elaborated work programmes required for achieving them. This represents an important step towards closer cooperation among the Trade Points for the purpose of strengthening commercial ties within and ultimately also among the different regions.

## II. OVERVIEW OF STRATEGY IMPLEMENTATION SINCE SEPTEMBER 1999[6]

28. The Trade Point Programme Strategy adopted by member States in September/October 1999 pursued two major orientations:

(a) "...to ensure the self-sustainability of the TPs and to reduce dependence on UNCTAD resources"; and

(b) "...to strengthen the interconnectivity of the Trade Points, which is now largely facilitated by the development of the Internet".[7]

29. The former orientation was to be implemented through capacity building, while the latter was intended to be achieved through the renovation of the GTPNet website. The logical framework for the implementation of the strategy was contained in an annex to the strategy.[8]

### A. Capacity building

30. The concept of capacity building in the strategy comprised two levels:

(a) Capacity building for individual Trade Points that would enable them to better serve their clients and increase their financial self-sustainability; and

(b) Building of the collective capacity in the Trade Point community to operate as a network at both the regional and global levels, and to take over the management of the Trade Point Programme at the end of the implementation period.

#### 1. Capacity building for individual Trade Points

31. As specified in the logical framework under "Assumptions and risks", the precondition for most capacity-building activities for Trade Points was the availability of extrabudgetary funding. The secretariat prepared a number of capacity-building project proposals but funds were not made available, with the exception of a contribution from the Government of Japan reported in paragraph 26 above that made it possible to organize capacity-building activities for Trade Points in the Asia/Pacific region starting in November 2001.

32. The capacity-building activities outlined in the strategy as those to be performed by the secretariat were all implemented before or within the planned deadlines, in particular as regards the Trade Point guidelines and GTPNet tools and the roster of Trade Point consultants. During the Sixth World Trade Point Meeting (Geneva, November 2000), Trade

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[6] For details, consult the relevant progress reports – TD/B/WP/128 of 25 July 2000 and TD/B/WP/143 of 5 July 2001.

[7] "Follow-up to the evaluation of the Trade Point Programme: Trade Point Programme Strategy", TD/B/WP/120, paragraph 8, 9 August 1999.

[8] "Modalities to implement the proposed strategy", TD/B/WP/120/Add.1, 16 August 1999.

Points attending the meeting also received training in the use of the GTPNet tools. The provision of standardized guidelines and tools, coupled with personalized support from regional coordinators in the secretariat, resulted in a substantive reduction for Trade Points in the time required to become operational.

33. In addition, in order to compensate for the lack of extrabudgetary funding in UNCTAD, the secretariat partnered with the International Trade Centre UNCTAD/WTO to organize regional trade information seminars for Trade Points. Thanks to the support of ITC, all the regions where the Trade Point Programme is present were able to benefit from capacity building in this area. The seminars also provided the participants with advice on the establishment of their Trade Points. Additionally, some Trade Points were able to attend annual ITC training sessions on trade information in Geneva and London.

34. These activities have undoubtedly contributed to the enhancement of capacity in Trade Points to offer trade information services to local business communities, and provided participants with guidance and advice on the setting up of their Trade Points. Despite the high rating by participants as to their usefulness, these events had a specific focus on trade information and establishment of Trade Points and could therefore not assist the Trade Points in acquiring the essential skills required for the management and further development of a Trade Point, which should have been the focus of training courses envisaged in the Trade Point Programme Strategy. It was thus not possible to provide the envisaged assistance to Trade Points to increase their self-sustainability to the extent that had been originally intended.

**2. Building the collective capacity of Trade Points to manage the Programme**

35. The secretariat supported the cooperation among Trade Points within different regions and assisted in the establishment of regional Trade Point associations – Trade Point Forums – in all those regions that had expressed an interest in creating them. These Forums operate under the legal umbrella of the Federation. As reported in paragraph 27 above, regional Trade Point forums have been or are being created in the Americas, the Asia/Pacific region, Arab countries and Africa.

36. Support was also provided by the secretariat for the setting up of the World Trade Point Federation, which was formally established in November 2000, well ahead of the date envisaged in the strategy (March 2002). The Federation, with support from the secretariat, as well as financial assistance from several member States (Belgium and France for the strategic business plan, and Governments of some of the Federation's Steering Committee members for funding participation in meetings), has been consistently working towards reaching a fully operational status. The decision-making and management capacity within the Federation with regard to the Programme has been developed to a great extent, thanks to the commitment of the Steering Committee members and in particular the President of the Federation and the support of his country, Argentina, which has made it possible for him to work in Geneva together with the UNCTAD secretariat since June 2001. Furthermore, negotiations are well under way for the conclusion of strategic partnerships and development of new value-added services for Trade Points and their client SMEs. The Federation has expressed its

commitment to take over the Programme from UNCTAD upon completion of the externalization strategy.

### B. Renovation of the GTPNet

37. The GTPNet was renovated according to the specifications of the Trade Point Programme Strategy, within the planned deadlines and with the inclusion of all the features and tools that were provided for. A new ETO system has also been developed and its features will also be incorporated in the enhanced ETO system that is being developed by the operator of this service on the instructions of the Federation. The renovated GTPNet was formally presented at UNCTAD X (Bangkok, February 2000) and the Sixth World Trade Point Meeting (Geneva, November 2000), where it received very positive feedback. All the operational Trade Points (69 as of 31 May 2002) have been equipped with the GTPNet technology.

38. Despite the lack of extrabudgetary funding, which was envisaged in the strategy for training seminars, the secretariat worked towards transferring to the Federation the knowledge acquired through the GTPNet development process. It has been closely cooperating with the Federation in the development of its new website. Support and expert advice were also provided with regard to the Federation's enhanced ETO system and the requests for proposals for the Federation's web-based services. The renovated GTPNet will be replaced by the new website of the Federation in June 2002. The name of the GTPNet, which is now the property of the Federation, will be featured on the new website.

### C. Conclusion

39. It can be concluded that the main objective of the three-year exit strategy, namely the externalization of the Trade Point Programme, will be attained within the agreed time frame. A formal agreement on the transfer of the Programme from UNCTAD to the World Trade Point Federation will be signed at the Third General Assembly Meeting of the Federation (Beirut, 4–6 November 2002). At that time, the implementation of the Trade Point Programme Strategy adopted by UNCTAD member States in September–October 1999 will be completed.

## III. WAYS FORWARD

40. The Trade Point Programme Strategy will be implemented in accordance with guidance received from member States. At the same time, the informal consultations of 14 June 2002, requested by the Working Party at its thirty-eighth session, revealed some side effects resulting from the implementation of the strategy and the need to address them. These issues relate to:

(a) The need for capacity-building activities (training, advisory assistance) for helping Trade Points to achieve self-sustainability. These activities, provided

by UNCTAD as the main partner of the World Trade Point Federation in this area, would be in response to specific requests by member States and the Federation. As in the past, such activities would need extrabudgetary resources;

(b) The need for secretarial support to the World Trade Point Federation, within UNCTAD's existing resources.

41. The member States participating in the informal consultations therefore considered that these issues should be addressed in the coming period, with the understanding that the results would be reviewed at UNCTAD XI.

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# EVALUATION OF CAPACITY BUILDING IN UNCTAD'S TECHNICAL COOPERATION ACTIVITIES

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**Executive summary**

This evaluation is a thematic one, dealing exclusively with the capacity building component of UNCTAD's technical cooperation programmes. No programme is specifically evaluated. Capacity building is understood in this report as "the ability of a technical assistance programme to enable beneficiary countries to perform and sustain targeted functions on their own as a direct result of that programme." Capacity building performance is assessed along fiv dimensions: relevance; effectiveness; efficiency; sustainability; and impact. Relevance in capacity building at UNCTAD is well recognized but is also quite vulnerable to capacity gaps that may not have been appropriately considered while implementing programmes. Programme effectiveness varies considerably from one programme to another. Placing the emphasis on activities rather than on outcomes is no substitute for effectiveness. Efficiency does not receive the attention it merits, and the report points to several measures, including costing of activities and greater use of regional expertise and facilities, which could result in better performance in this respect. Sustainability, which is central to capacity building, could be improved through greater attention to the long-term perspective as well as to institution building. Impact has not been adequately assessed in evaluations. As with regard to effectiveness, there is a need at UNCTAD to develop and systematically apply better methodologies for the assessment of impact. Sustained impact should be the overarching goal for all of UNCTAD's capacity building programmes. UNCTAD' best capacity building programmes are those that combine substantive and geographic focus, competence at headquarters, an integrated approach, national ownership, institutional building, and a long-term perspective with clear goals. Better coordination among donors and improved management within UNCTAD in both the promotion of its programmes to donors and in coordinating its programmes would result in greater effectiveness and impact. All things considered, the evaluators believe that UNCTAD's record in capacity building should be viewed positively.

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## INTRODUCTION

1. Capacity building is the ultimate objective of development assistance. Programmes aim at transferring required skills and knowledge to developing countries and emerging economies so that they may eventually pursue their social and economic progress unassisted. For that reason, capacity building has always been an implicit concern at UNCTAD, as well as in most other multilateral and bilateral assistance programmes. Capacity building has received greater attention over the last few years, as attested by various resolutions at the General Assembly, at ECOSOC and at UNCTAD X. The UNCTAD X Programme of Action declared that technical cooperation should focus on capacity building to assist developing countries' integration into the global economy and that UNCTAD's existing capacity building programmes should be strengthened.[1]

### A. Scope of the evaluation

2. This evaluation is a thematic one, dealing exclusively with the capacity building component of UNCTAD's technical cooperation programmes. No specific programme was evaluated. The overall objective of the evaluation is to assess the performance of these programmes only so far as capacity building is concerned, to link such performance to underlying explanatory factors, and to make recommendations with a view to improving UNCTAD's delivery in capacity building in the future. Most technical assistance programmes at UNCTAD may be claimed to be capacity building programmes. Some of them, however, demonstrate a greater capacity building content than others. Out of some 50 programmes listed in the Review of Technical Cooperation Activities of UNCTAD,[2] about a third of them explicitly claim to perform at least some capacity building activities. The first task of the evaluation team was therefore to look at the content of all technical assistance programmes and to select those that had a clear and substantial capacity building component. As a result of this process, 12 programmes were retained for further analysis, and they are listed in annex I.

### B. Delineating the capacity building concept

3. This screening process involved progressively clarifying the concept of capacity building and making it operational for the purpose of the evaluation. The starting point was the description of capacity building proposed in the terms of reference, whereby capacity building refers to activities that encompass "the building of organizational and technical abilities, behaviours, relationships, and values that enable individuals, groups and organizations to enhance their performance effectively to achieve their development objectives over time". Since this definition is so comprehensive that virtually all technical

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[1] Bangkok Plan of Action (TD/386), paras. 164 and 166.
[2] TD/B/48/5/Add.1, 15 August 2001.

assistance activities would qualify as capacity building, it was necessary to narrow down the concept of capacity building with a view to making it more amenable to this evaluation.

4. It is sometimes claimed that capacity building is a new technical assistance approach radically distinct from the "traditional" trade assistance approach.[3] In fact, technical assistance institutions, whether bilateral or multilateral, have traditionally engaged simultaneously in a mixture of capacity building and non-capacity-building activities. Bilateral programmes were the first to favour the approach, perhaps due to more limited resources, greater public scrutiny on the impact of foreign assistance expenditures and greater autonomy at the decision-making level. For instance, the capacity building concept was already being applied at the Canadian International Development Agency (CIDA) as early as the 1970s. A number of respondents noted that the term was already in use at UNDP in the early 1990s.

5. Although the capacity building concept is now widely used within UNCTAD, it also lends itself to a wide variety of interpretations. For instance, an analysis of UNCTAD's documents on technical assistance leaves the reader somewhat puzzled by the use of the capacity building terminology. Some programmes claim to be capacity building but are only marginally so, since they are exclusively concerned with the transfer of information. On the contrary, some other programmes are clearly capacity building since they are heavily involved in human resource development but are not yet depicted as such.

6. Interviews both in the field and at UNCTAD also revealed that a large proportion of the respondents had some difficulty explaining what they meant by capacity building. There is probably a bandwagon effect at work, as capacity building has been superimposed on existing programmes. Capacity building is topical, and programmes are more and more likely to be presented as capacity building programmes even when neither their philosophy nor their activity portfolio has evolved over many years.

7. Given the fact that the concept lends itself to various connotations, the evaluation team proceeded by isolating its key dimensions, first on the basis of the documentation that was provided to the team (evaluation reports, project documents and other secondary sources) and then on the basis of interviews conducted in Geneva and in the field. It progressively emerged that the key dimensions of capacity building focused on two central issues: national competences and sustainability. As a result of these investigations, capacity building is understood in this report as:

> "The faculty of a technical assistance programme to enable beneficiary countries to perform and sustain targeted functions on their own as a direct result of that programme"

8. Three other non-necessary dimensions related to capacity building also emerged: individual versus institutional capacity; long-term versus short-term orientation; and the

[3] See "Technical Assistance Services in Trade Policy – A contribution to the discussion on capacity building in the WTO". International Centre for Trade and Sustainable Development (ICTSD). ICTSD Resource Paper no 2, 2001.

nature of the technical assistance activities being undertaken. Capacity building activities may be primarily directed either at individuals or at institutions (and sometimes simultaneously at both). Respondents tend to believe that institutional capacity building has a greater capacity building potential than individual capacity building. They also feel that capacity building is more closely associated with long-term rather than short-term projects. Capacity building activities fall into several broad subsets in increasing order of capacity building potential:

(a) Activities devoted primarily to supplying information to individuals or institutions in developing countries (for instance the Trains programme);

(b) Activities related to the provision of advice (as with some components of ASYCUDA);

(c) Training activities (including the training of trainers as in the TrainForTrade and the Commercial Diplomacy programmes);

(d) Networking activities aimed at forging closer relationships between various groups (such as academia, the business community and the public sector, as in JITAP or internationally as in EMPRETEC).

9. Institutional and long-term perspectives are not, however, perceived as necessary conditions for capacity building. For instance, part of the Commercial Diplomacy Programme is both short-term and directed at individuals. It aims *inter alia* at "enabling trade negotiators and the business community to better participate in trade negotiations, and to increase their negotiating capacity". It also aims at increasing the national "proposal capacity".[4] In addition, the fact that it is advice-oriented as well as training-oriented does not limit its capacity building potential. It merely reflects the fact that it is targeted at a limited number of individuals.

### C. Assessing the capacity building performance of technical assistance programmes

10. Based on the logical framework approach, capacity building performance may be assessed along five dimensions: relevance; effectiveness; efficiency; sustainability and impact.

11. Relevance refers to the appropriateness of a capacity building activity not only in terms of its national priority but also in relation to capacity gaps. In this report, capacity gaps mean shortcomings that are identified at the needs and assessment stage of an activity and that may limit its relevance if they are not taken care of as the activity is implemented. Most if not all technical assistance programmes are expected to be useful to recipient countries and are therefore claimed to be relevant. However, their relevance is undermined if, for instance, national authorities are not fully supportive of them or are not able to provide the required support, whether material or administrative.

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[4] "Review of technical cooperation activities of UNCTAD" (TD/B/485/Add.1), para. 92.

12. Effectiveness refers to the fact that the objectives defined prior to the implementation of a programme have indeed been achieved. In this regard a clear definition of capacity building objectives is required to assess the effectiveness of a programme properly. As mentioned earlier, the fact that programmes may have taken place as planned and may have been attended by the expected number of participants is no guarantee that such programmes have indeed rendered the institutions or the participants involved able to achieve the task they were supposed to be prepared for by these programmes.

13. Efficiency refers to the input/output ratio and more generally to the cost of a programme in relation to the results attained. Whenever possible efficiency is established through benchmarking with similar programmes. Efficiency may also be assessed by analysing the cost structure of a programme. For instance, a high travel costs/total cost ratio may be indicative of a poor return on investment for capacity building. Other ways to assess efficiency include the analysis of the fixed costs/total cost ratio or the full cost of services provided by a programme to clients. Many evaluation reports are rather short on the topic of efficiency since data are often lacking in this respect.

14. Sustainability refers to the survival potential of programmes once support has been terminated. Sustainability parameters may be defined more precisely depending on the nature of a programme, for instance in terms of financial, networking, managerial, substantive or operational sustainability, as in the case of the EMPRETEC programme.[5] Sustainability may be better assessed a few years after the assistance has ended.

15. Impact refers to the effect of a programme on national social and economic development or in a specific domain such as trade expansion (as in TrainForTrade) or debt management savings (as in DMFAS).

## I. ASSESSING PERFORMANCE IN CAPACITY BUILDING

### A. Relevance

16. Relevance refers not only to the appropriateness of a capacity building activity in terms of its national priority but also to capacity gaps, as defined in paragraph 11, that limit the relevance of the activity. It is recognized in all evaluation reports that UNCTAD's technical assistance programmes are relevant to the beneficiaries. If it is not done explicitly, it is at least implied. EMPRETEC, for instance, is considered highly relevant in the evaluation report, so are ASYCUDA and TRAINMAR. Occasionally, however, relevance is not an issue that is addressed. It is presumed but not demonstrated. Interviews in the field confirmed the view that all programmes investigated were considered relevant to the economies of the beneficiary countries.

17. The issue of capacity gaps has a direct bearing on relevance. As a rule, the launching of a programme is conditional on the positive outcome of a needs assessment and a feasibility

[5] EMPRETEC evaluation report (TD/B/WP/129)(2000).

analysis involving at least one mission to the target country prior to the implementation of a programme. It would therefore be expected that the emergence of capacity gaps as country programmes are implemented would be rather low. Since such gaps may render programmes ineffective, it is therefore vital to identify them early on so that they may be adequately dealt with before the programmes start. If they are considerable, programmes should not be launched or they should at least be postponed until the gaps have been resolved. Failure to resolve capacity gaps is likely to result in unattained objectives, impaired effectiveness and sub-optimal if not negative impact.

18. Major capacity gaps are nevertheless observed in close to 40 per cent of all the evaluation reports reviewed. For instance, in the TrainForTrade programme, needs were not properly assessed in three consecutive evaluations, which resulted in some cases in the selection of inappropriate and therefore ineffective partners. In the Trade Point evaluation report, it is noted that a number of States were not able to provide sufficient financial support to Trade Points and that as a result a number of them never became operational.

19. Field interviews, including meetings with UNCTAD staff, confirmed that capacity gaps were the rule rather than the exception. In most cases they could be traced to national authorities not being able to provide the resources they had committed themselves to providing, whether financial or administrative. Another capacity gap that was identified relates to the difficulty of setting up proper coordination processes when several departments are stakeholders in a programme. In one particular case, a capacity gap could be traced to UNCTAD itself as one of its units proved to be unwilling to provide the substantive support required by another unit. A number of country programme failures were linked during the interviews to insufficient support from national authorities.

20. It is comforting to observe that the relevance of UNCTAD's technical assistance programmes that were investigated in the course of this evaluation was never questioned, whether in general or from the specific capacity building point of view or whether in the evaluation or in the field. ASYCUDA, DMFAS, TrainForTrade, EMPRETEC and Commercial Diplomacy, to name a few programmes, are recognized as innovative and contributing to the economic development of the countries where they were introduced.

21. Since relevance is conditional on the non-existence of capacity gaps, the evaluation team investigated why programmes are undertaken even when such gaps are not addressed before the launching of the programmes. It appears that programme managers are usually quite knowledgeable of the existence of capacity gaps, and do expect downstream difficulties as programmes are implemented. If programmes are implemented regardless of impending difficulties, it is usually because of the combination of three conditions:

(a) **Donor pressure.** Donors often target specific sectors and countries, and they may want to proceed even if the conclusions of the needs and feasibility

analyses are not positive. This condition is well known. The DAC Guidelines published by the OECD[6] are quite clear on this issue.

(b) **Beneficiary country pressure.** Beneficiary countries may not want to be left out, and in order to win a programme may over-commit themselves.

(c) **Need for funding.** UNCTAD's programmes are often short of funding, and some may not be able to refuse a project that might allow them to survive.

22. The combination of these conditions may result in a dysfunctional process whereby the conclusions of needs and assessment analyses may be put aside for short-term benefits by all three parties concerned: donors, beneficiaries and UNCTAD's programme managers.

## B. Effectiveness

23. Effectiveness means that the objectives defined prior to the implementation of a programme have indeed been achieved. A precise definition of capacity building objectives is therefore required to properly assess the effectiveness of a programme. The extent to which UNCTAD's technical assistance programmes have achieved their objectives may be rated as moderately good. According to the evaluation reports of UNCTAD's programmes, 60 per cent of these programmes score well or very well. Estimates volunteered by some experts are of the same order, although there are no hard data on trade-related technical assistance programmes in general. According to these experts, roughly 60 per cent of all technical assistance programmes, whether they are capacity building or not, have achieved their objectives. Since capacity building programmes tend to be more demanding than other technical assistance programmes, it is likely that their rate of effectiveness would be somewhat lower.[7] Field trips do not provide any evidence that would modify the overall conclusions reached on the basis of the evaluation reports. Country programmes seldom fail, or failure is seldom acknowledged. Most of the time their effectiveness is limited, and could have been better if some precautions had been taken. The major drivers of success or failure that were identified in the field are the following:

(a) **Capacity gaps.** The effectiveness of capacity building programmes is dependent on adequately dealing with the capacity gaps that were discussed in the previous section;

(b) **Support from UNCTAD.** Effectiveness is also linked to support and skills that may be tapped by programmes at headquarters. For instance, ASYCUDA suffered from poor management policies and procedures in Geneva. In the Trade Point programme, the support provided by the UNCTAD secretariat was

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[6] The DAC Guidelines – Strengthening Trade Capacity for Development. OECD, 2001.

[7] According to K. L. van Hove and H-B Solignac Lecomte in "Aid for Trade Development: Lessons of Lomé V", ECDPM Discussion Paper No. 10, August 1999, p. 1, "... (A)fter several years experience, donors can report few success stories in their trade-related assistance". Some of UNCTAD's technical programmes also had difficulties in identifying success stories when interviewed by the evaluation team.

deemed insufficient. Insufficient internal support was also noted for EMPRETEC.

(c) **Integrated approach.** The ability to provide an integrated and flexible solution to a country's needs is a factor that contributes highly to the effectiveness of a programme. For instance, the success of the DMFAS programme may be linked to the fact that DMFAS offers, when needed, an integrated set of solutions. Not only does it provide the software and software training, it also provides guidance for establishing appropriate organizational structures as well as staffing and organizational guidance. As needed, it may provide beneficiaries merely with a debt accounting system or with more sophisticated capacity building contributions. These may include advice and expertise for the designing of a debt policy and management strategy. In general, "upstream policy advice", which is the new emphasis adopted by UNDP in technical assistance programmes, favours the integration of the policy-making authorities in the programme implementation process.

(d) **National ownership.** Field interviews have indicated that involvement by the local partners in the conception and implementation of programmes is a major success factor. The more national actors (government, the private sector and civil society) are involved in a programme, the more likely it is to succeed.

(e) **Institution building.** Respondents in the field expressed greater interest in institution building than in individual capacity building, and even more for a combination of institution building, individual development and process management. This view is shared by the UNDP officers with whom interviews were conducted.

(f) **Long-term perspective.** Success cannot be achieved through short-term projects, especially when capacity gaps have to be mended and national ownership and institution building considerations have to be satisfied. "One-off" operations do not leave much behind and score poorly in terms of capacity building.

(g) **Adequate resources.** Success in capacity building is impaired by lack of adequate resources, both administrative and financial. By comparison with other types of technical assistance, capacity building is resource-intensive. Spreading limited resources over too many projects results in sub-optimal performance.

(h) **Donor coordination.** Field interviews addressed this issue. It was noted than the lack of coordination between donors results in confusion and therefore in sub-optimal performance.

24. Of all the above conditions, the one that requires the most immediate attention from UNCTAD is the issue of capacity gap management. It is the source of ineffectiveness most

often identified by donors, beneficiaries and programme managers. Tackling this problem would benefit from greater convergence of views between these three parties.

25. As was highlighted before, capacity building requires simultaneous actions at the level of individuals, institutions and management processes. It would appear that some of UNCTAD's programmes are directed too much at individuals and not enough at institutions. Respondents consulted in the field proved to be particularly concerned by this issue. They feel that it is institutions that guarantee the future, and that without proper institutions to harbour them, individuals' talents are unlikely to be adequately put to use for the benefit of their country.

26. The adoption of a long-term perspective in capacity building is still insufficient at UNCTAD. It would be fair to add that, if capacity building takes time, it also requires focus. Some programmes are still geared far too much to showing results in terms of number of activities performed and number of people benefiting from these activities rather than preparing the individuals and the institution to which they belong to continue to perform after the termination of the programmes. Lack of focus on effectiveness is also evident when programmes with limited resources are spread too thin over too many countries.

## C. Efficiency

27. Efficiency refers to the input/output ratio and more generally to the cost of a programme in relation to the results attained. Most evaluation reports claim that appropriate data are not available to assess efficiency in any meaningful manner. The general impression that comes out of these reports is, however, that efficiency is not a major concern and that– if assessed at all – it tends to be rather low. An important reason for this failing is that efficiency goals were rarely identified at the programme design phase. The emphasis in evaluation reports is placed more on the delivery of activities rather than on their costs. Insights on costs are provided only incidentally and impressionistically. In one programme, for instance, it was felt that the contribution to capacity building was not commensurate with the costs involved, but no evidence was provided to support this view. In another, the training of trainers proved to be as expensive as an equivalent programme delivered in a private education institution. On the other hand, the cost of producing an "empreteco" in the EMPRETEC programme was claimed to be rather low, and the TrainForTrade programme appears to have been rather inexpensive to beneficiaries.

28. Field interviews confirmed that efficiency is a performance dimension that is both difficult to assess and perceived as being of secondary importance. The overwhelming concern is delivery of activities regardless of cost. Evaluation reports and evidence gathered in the field point to several conditions that contribute to low programme efficiency:

(a) ***Weak and sometimes flawed management of programmes at UNCTAD.*** According to several evaluation reports, some programmes are not adequately managed, which results in confusion and inefficiencies;

(b) **Inability to cost services provided by UNCTAD.** Several evaluations have pointed to the need to establish better accounting systems with a view to improving cost control;

(c) **Internal transaction costs at UNCTAD and/or with other contribution institutions.** The more comprehensive a programme the larger the internal transaction costs. JITAP is the foremost example of a programme where the coordination of all the various activities between the three participating agencies over several beneficiary countries is complex and results in delays and increased costs;

(d) **Relying on UNCTAD staff to perform direct training.** In most cases, this is not a cost-effective proposition. External experts are usually less expensive than headquarters staff;

(e) **Capitalising on experts from developing and emerging economies too infrequently.** There is a sizable pool of experts from these countries that has been available for a number of years. They are often perceived in beneficiary countries as more sensitive to development problems than consultants from industrialized countries. Their fees may be up to 20 times less than the fees of some experts from industrialized countries. Programmes such as FRANCODE and TrainForTrade have demonstrated that intraregional and interregional networking may make it possible to tap pools of experts within networks that are both effective and less costly;

(f) **High logistics costs.** Some activities, usually short-term, require considerable shuttling back and forth of speakers, trainers, and participants. In several cases it was noted that up to 80 per cent of total cost was for travel and per diem. Some activities held at high cost in up-market Swiss locations should have been held in cheaper locations more representative of development concerns. Relocation to regional hubs should be promoted, along with greater reliance on distance learning training and conferencing formulae. As a general rule, options that maximize capacity building results over logistics dead weight should be further explored;

(g) **Cost recovery.** Cost recovery is a powerful driver of cost efficiency. Admittedly, it may not be fully applied because many beneficiaries are not able to contribute to the cost of the programmes they benefit from. Yet, the evaluation team's view is that attempts at cost recovery remain too timid, and that they should be expanded and applied in a progressive manner according to the development level of the beneficiaries;

(h) **Donor failure**. Failure by donors to respect their financial commitment brings uncertainty to programmes, increased expenditures on coordination, and costly discontinuities in programme implementation. JITAP is known to have suffered from donor failure.

29. Efficiency is an indicator of capacity building performance that remains poorly documented, and that does not receive the kind of attention that would be expected in a context of limited funding. Progress is being made regarding accounting practices and transparency but there is still room for laying out clear accounting efficiency standards and benchmarking. Regardless of the difficulties involved in assessing efficiency in capacity building, on the basis of the evidence gathered from the previous programme evaluations and from the interviews conducted in Geneva and in the field, it would appear that efficiency in capacity building tends to be low. This is particularly so when short-term programmes are concerned, when programmes require a high level of coordination, and when UNCTAD personnel are delivering services in the field when consultants could do the work more efficiently.

## D. Sustainability

30. Sustainability refers to the survival potential of programmes once support has been terminated. Surprisingly, the issue of sustainability is not addressed in several evaluation reports. Five reports claim limited sustainability: EMPRETEC; Francode, TrainForTrade; Trade Points (with regard to financial sustainability); and TRAINMAR. It is well established in the case of DMFAS and ASYCUDA. Field interviews confirm the overall conclusions reached in the reports. Although sustainability is perceived as a major success indicator in capacity building, it is not achieved as often or in as much depth as the respondents would hope. Since they often equate capacity building with sustainability, they feel that the sustainability of UNCTAD's programmes needs to be improved in the future. The main factors cited for lack of sustainability are the following:

(a) **Capacity gaps.** Failure to identify capacity gaps early in a programme's life cycle is major cause of lack of sustainability. For instance, limited resource allocation by beneficiary countries leads to abandoning the programme once support has ended;

(b) **Short-term orientation**. Building capacity, as noted before, takes time, especially when reinforcing of existing institutions is required. Many of UNCTAD's programmes are more focused on awareness raising. This cannot be considered capacity building. Further, short training programmes are insufficient for enabling individuals to sustain activities on their own.

(c) **Individual rather than institution building.** Both individual and institution building must be pursued for best results. The benefits gained from individualized training are often lost if they are not anchored in an institution. Sustained follow-up to training is a crucial element of success and sustainability. There should be some means of monitoring the contribution of an individual to the growth of national institutions and expertise building.

(d) **Programme management and resource allocation at headquarters**. Insufficient resources, both financial and managerial, at headquarters lead to

inferior performance in the field. Inadequate support in the TrainForTrade programme has in the past resulted in limited sustainability in some countries. Lack of follow-up from headquarters in the case of EMPRETEC and TrainForTrade and lack of planning in the case of the Trade Point programme have similarly led to limited sustainability. In general, it is to be observed that narrowly focussed programmes score better in sustainability than broadly defined programmes.

(e) **Financial sustainability**. Although this is an area of concern, it should not overshadow the more fundamental criterion of substantive sustainability. It has been observed, for instance, that too limited an investment in training, and most notably training of trainers, may result in the progressive erosion and/or disappearance of a programme. Concerns were expressed in this regard in the EMPRETEC evaluation report.

31. It would appear that the objectives pursued by some of UNCTAD's programmes are often too ambitious, and that resources are spread too thin and over too short a time span to lead to lasting results. Beneficiary country resource commitments are often not sufficient. Programme managers tend to underline lack of funding as the major cause of a mixed record on sustainability. The conclusions of the needs and assessment analyses should be better taken into consideration. Sustainability takes on an interesting twist in the case of DMFAS. To a certain extent, countries are bound to rely on DMFAS for improved versions of the system, which some might fear could lead to dependency. In fact, if some countries may be dependent on DMFAS for new developments, most countries in fact contribute to the improvement of the system in adapting it to their national environment and in proposing new applications, which may be put at the disposal of other countries.

## E. Impact

32. It is often stated in evaluation reports that there is considerable difficulty involved in assessing impact. It is usually done on the basis of subjective rather than objective and qualitative rather than quantitative data. Some evaluation reports provide more specific information on impact than others. For instance, the EMPRETEC programme is said to have contributed to the creation of new SMEs and to an increase in sales and exports, and to have resulted in a survival rate of SMEs that is superior to what is usually expected in developing countries. Competition law and policy is credited with the establishment in recent years of effective competition authorities. The ASYCUDA evaluation report indicates improvements as a result of the programme in cargo clearance time, increased revenue, and improved data collection and dissemination.

33. Interviews with programme managers and with respondents in the field also confirmed the difficulty in assessing the impact of a programme. Impact is not seen as a major issue, and effectiveness is considered more important than impact. By and large, impact is difficult to assess not only because of the shortage of relevant data but also because impact indicators have not been specified prior to the implementation of the programme in

beneficiary countries. Impact is closely related to effectiveness. If programme effectiveness is rated low, so should its impact. Paradoxically, there are more programmes that are positively evaluated on impact than on effectiveness. It is puzzling that a programme that has not been effective should be assessed as having had a positive impact on a country's economy.

34. Surprisingly, programme managers do not appear to be sensitive to the fact that demonstrating the impact of their programme on national economies could be used as a powerful promotional argument to both donors and beneficiary countries.

## II. RECOMMENDATIONS

35. This evaluation provides an overall assessment of the knowledge and experience UNCTAD has accumulated over the years in capacity building. They are considerable, and could be further enhanced. This report aims at offering suggestions and recommendations on how this could be achieved.

36. The first suggestion the evaluation team wants to make is in fact an admonition: not to turn into capacity building programmes those programmes that do not have a capacity building mandate! Some programmes cannot claim to be capacity building but may nevertheless be useful. So may, for instance, some awareness building and expert advice services or short-term events such as conferences or workshops.

37. With regard to programmes that are legitimately aimed at building capacity, this evaluation demonstrates that UNCTAD's record could be improved substantially by adhering to stricter standards and practices, which are listed in the recommendations that follow. These recommendations are formulated according to the five dimensions of performance that were adopted in the two previous sections, namely relevance, effectiveness, efficiency, sustainability and impact.

### A. Promoting relevance in capacity building programmes

38. Two factors have been identified, which have a direct bearing on the relevance of capacity building programmes: capacity gaps and national ownership.

39. **Capacity gaps.** They are present in practically all the programmes that were analysed. Some respondents argue that they are an unavoidable feature in any development programme. But their effects are so detrimental to projects in terms of both effectiveness and impact that greater attention should be given to them. Many of these gaps could be addressed if they were recognized rather than ignored before programmes are implemented. Although many respondents argue that programmes are demand-driven, there is ample evidence that in fact the pressure on some managers to find means to keep their programme going induces them to be funding-driven rather than demand-driven. This propensity leads to less attention being paid to the results of the needs and assessment analyses and the implementation of projects that should not be initiated under the prevailing conditions. It is therefore recommended that:

**Recommendation 1** - ***Final programme design should more effectively consider capacity gaps identified at the formulation and needs assessment stage. These gaps should be effectively addressed before committing resources to a project, and recognized by both donors and beneficiaries.***

40. **National ownership**. The involvement of national authorities in the design and implementation of programmes results in stronger national commitment to their success and contributes to overcoming obstacles that may arise as these programmes are implemented. It is recommended that:

**Recommendation 2** - ***National ownership should be promoted in all capacity building programmes by turning national stakeholders into active partners in the design and implementation of capacity building programmes.***

## B. Promoting effectiveness in capacity building programmes

41. Effectiveness in capacity building would be enhanced if programme focus were sharpened, an integrated approach pursued, resource allocation redistributed, and clearer criteria for assessing capacity building performance adopted.

42. **Focus.** The evaluation team has observed that better performing programmes are programmes with a clear focus in terms of the scope of technical assistance and geographic coverage. Programmes technically focused such as ASYCUDA, ACIS or DMFAS score better in effectiveness than more diversified programmes. Geographic over-extension combined with technical over-diversification leads to decreasing returns as programme managers find difficulty in coping with a geometrically growing degree of complexity. It is therefore recommended that:

**Recommendation 3** - ***Capacity building programmes should be more focused in terms of technical scope and geographical coverage.***

43. **Integrated approach.** Capacity gaps are often obstacles located either upstream or downstream of the activities to be undertaken by capacity building programmes. Adopting an integrated approach provides an opportunity to deal with such obstacles, assuming that the unavoidable transaction costs, implicit in any integrated approach, are effectively controlled. It is recommended that:

**Recommendation 4** - ***An integrated approach should be favoured over the conduct of isolated activities in the design of capacity building programmes.***

44. **Programme support.** Capacity building is resource-intensive. It takes more financial and managerial input than other technical assistance programmes. With regard to funding, this implies that existing financial resources should be concentrated on a more limited number of programmes than is now the case unless the total funding made available by donors for technical assistance is expanded. Programmes that have had their time should be phased out. Programme pruning should be considered, in particular when external evaluations

favour such actions. It has also been observed that some programmes are more effective than others because they benefit from strong substantive backing at headquarters. Well-grounded and well-recognized expertise is indeed a definite success factor that discriminates effectively between UNCTAD's technical assistance programmes. It is therefore recommended that:

> **Recommendation 5 -** ***UNCTAD should undertake a thorough examination of its technical assistance programmes to identify its distinctive competences, and redeploy its resources with a view to capitalizing on programmes where its substantive competences are the strongest.***

45. **Assessing capacity building effectiveness.** There is a tendency to equate capacity building effectiveness with activism. However, the number of activities undertaken in a programme or the number of individuals that have benefited from such a programme are at best only proxy measures for effectiveness. To claim, for instance, that a programme has been effective because hundreds of individuals were trained in tens of one-week or two-week training workshops cannot be construed as a demonstration that these people are enabled to perform complex tasks as a result of such short-term programmes. A major reason for the difficulty in assessing effectiveness is that the criteria to be used are not spelled out at the conceptualisation stage of the programmes. It is therefore recommended that:

> **Recommendation 6 -** ***Criteria and methodology to assess programme effectiveness should be specified when programmes are to be implemented, and they should be spelled out in project documents.***

### C. Improving efficiency in capacity building programmes

46. Efficiency has not appeared in this investigation as an overwhelming concern in technical assistance at UNCTAD. It is not well documented in evaluation reports and seldom based on commonly accepted accounting procedures. Yet it has its importance for reasons of accountability and because of a legitimate concern for the optimal use of scarce financial resources. Although it would appear that UNCTAD has definitively progressed in this area, respondents have pointed to several ways to further improve efficiency in capacity building such as the systematic costing of activities, the expansion of cost-recovery, lesser reliance on experts from industrialized countries and expanding regional decentralization.

47. **Costing of capacity building activities.** Management depends on basic accounting information in many decision-making situations. Yet external evaluations have often pointed out that such basic information is not available to decision makers. Accounting data is provided almost exclusively for financial control rather than for managerial decision-making. It is not surprising, therefore, that cost efficiency may not be a major concern if costing the services provided is not seen as a priority. It is therefore suggested, as a mean to improve efficiency, that:

**Recommendation 7 - *Cost accounting procedures should be generalized so that proper costing of capacity building services is possible.***

48. **Cost-recovery**. Cost recovery is a controversial issue, since some beneficiaries may find costs difficult to bear. But cost recovery could also be a measure of the value beneficiary countries place on the programme, as well as a means to increase their commitment. It is therefore recommended that:

**Recommendation 8 - *Cost recovery should, where appropriate, be applied in a progressive manner, taking into account the beneficiaries' ability to pay for capacity building services.***

49. **Selecting experts**. During the field trips, respondents commented on the high cost of experts. It is felt that consultancy fees are much higher in industrialized countries than in developing countries and emerging economies. Since the gap in the quality of consultancy services has decreased over the years, in many instances due in part to the training provided by UNCTAD and other development assistance agencies, it is more and more appropriate to recruit consultants from developing and emerging economies. Although local authorities sometimes prefer to rely on highly paid consultants from industrialized countries, they also recognize that there are other advantages besides savings in recruiting experts from other parts of the world. It is often felt that they are better attuned to the specificities of developing environments, and are better able to cope with local obstacles. The propensity to use experts from non-industrialized countries is increasing. Such programmes as EMPRETEC, TrainForTrade and Francode have demonstrated that it can be done successfully. Such practices have improved the effectiveness of these programmes and promoted South-South networking. It is therefore recommended that:

**Recommendation 9 - *Capacity building programmes should increase their reliance on expertise from developing countries and emerging economies.***

50. **Regional decentralization for the conduct of conferences and other short-term events.** Not only does decentralization of such activities favour regional integration through increased networking, it also improves programme effectiveness and contributes to lower operational costs. Some activities like workshop and training programmes absorb a considerable share of budgets, providing substantial benefits to the hospitality sector. In addition, it should also be pointed out that these events are more awareness building than capacity building. It is therefore recommended that:

**Recommendation 10 - *Conferences and other short-term events should be limited in capacity building programmes. If held at all, they should preferably be organized in the region for the sake of increased efficiency.***

### D. Increasing sustainability in capacity building programmes

51. Sustainability is at the centre of the capacity building concept. If programmes do not live on on their own once the assistance that initiated them is terminated, this means that the capacity building goal has not been achieved. Unfortunately, the sustainability goal is too often limited to financial sustainability, whereas in fact substantive sustainability is a more important criterion. For example, it is more important for a training programme to depend on a staff of trainers that maintain a high level of competence over time than to secure revenue through the delivery of substandard training. There is ample evidence, especially from the field, that the two basic requirements for successful substantive capacity building success are a long-term perspective and institutional capacity building.

52. **Long-term perspective.** Too much concern for financial sustainability also tends to shorten the life of the programmes in beneficiary countries. There is, however, one fundamental ingredient in substantive capacity building success: time! Successful capacity building programmes are bound to be medium-term or long-term rather than short-term programmes. The evidence shows that not much may be achieved in capacity building with episodic, short-term activities. They may be valuable in increasing awareness and recognition of some issues – UNCTAD, WTO and ITC have proved to be very expert at this since the end of the Uruguay Round and after Doha - but they only pave the way for more intensive capacity building formulae. It is therefore recommended that:

> **Recommendation 11** - ***Long-term goals should be favoured over a short-term perspective in capacity building programmes.***

53. There is, however, the risk that the longer the programme the greater the risk of developing dependency. It is therefore recommended that:

> **Recommendation 12** - ***Long-term capacity building programmes should include an exit strategy so that beneficiaries do not fall prey to a dependency syndrome.***

54. **Institutional building.** It is recognized that capacity building involves not only the development of individual skills and knowledge but also the reinforcement of institutions, which harbour these competences and provide an environment conducive to the emergence of a strong multiplier effect. It is also clear that both individual and institutional development must be pursued simultaneously. On average, UNCTAD's programmes appear to be more geared to building individual rather than institutional competencies, although there are considerable differences from one programme to the other. It is therefore recommended that:

> **Recommendation 13** - ***Greater emphasis should be placed in the future on institutional capacity building.***

55. In the course of this evaluation it also appeared that a major ingredient in institutional capacity building was training and more particularly the training of trainers. It was observed that the TrainForTrade formula is unevenly accepted among UNCTAD's divisions although

it has a good reputation in many countries. It would be worthwhile for UNCTAD to reflect on its vast experience in this area, and to consider adopting a harmonized body of training methodologies. It is therefore recommended that:

> **Recommendation 14** - ***UNCTAD should conduct a cross-divisional audit of all its training experiences with a view to developing harmonized training of trainers and institutional training support methodologies.***

### E. Assessing the impact of capacity building programmes

56. It has been observed that the assessment of programme impact is seldom performed. The usual rationalizations are that the programmes are too short to result in a tangible impact, and that the data are just not available to estimate impact. At a time when critical statements on the usefulness of development assistance are frequently volunteered, UNCTAD must deal with this issue more effectively than in the past. It may be legitimate not to expect from short-term projects a tangible impact on economic development or on any large sub-element of economic development. In such cases, performance criteria set out during programme design, and used later at the evaluation stage, should be shifted from the assessment of impact to that of effectiveness.

57. There is considerable danger, however, for programmes that are both capacity building and medium-term or long-term if they are not able to demonstrate that they have produced an impact or claim that it cannot be assessed. It is quite disconcerting, for instance, that a sophisticated medium-term programme heralded as a major capacity building exercise that aims at promoting exports in beneficiary countries does not address the issue of its impact on trade. This problem is similar to the assessment of effectiveness that was alluded to earlier in this report. Both effectiveness and impact are certainly notoriously difficult to ascertain, but failure to address them squarely leads to a misleading over-emphasis on activities. It is recommended therefore that:

> **Recommendation 15** - ***Project documents should follow the logical analytical framework and specify the indicators according to which programmes' impact (and effectiveness as well) will be assessed when they are terminated and/or evaluated.***

## III. CONCLUDING COMMENTS

58. There are several other issues that have arisen in the course of this investigation which do not fit in well with the recommendations listed in the previous section because they are pertinent not to capacity building per se but to technical assistance in general. Several respondents both in the field and in Geneva felt they should be raised in this report. They have to do with coordination – coordination between donors and coordination at UNCTAD in the promotion of its technical assistance programmes to donors.

59. **Donors' coordination.** The complaint from beneficiary countries is that donors do not coordinate their efforts sufficiently. They sometimes compete with each other, and at times hardly know what other donors are doing. This observation applies to both bilateral donors, international organizations, and even within UNCTAD itself. Beneficiaries point out that duplication of efforts, competing demands on requirements for beneficiary Governments, and outright competition between donors may lead to both inefficiencies and ineffectiveness in capacity building.

60. **Coordination of programme promotion at UNCTAD.** Donors (and to a lesser extent beneficiaries) regret that UNCTAD does not adopt a unified approach in promoting its technical assistance programme. Donors deplore having to spend considerable time and energy assessing the distinctive advantages of UNCTAD's programmes.

61. Regardless of the quality of its offering, it is sometimes admitted that UNCTAD does not promote itself as forcefully as some other sister organizations nor as well as it deserves. This may also be construed as a complement in disguise.

62. Although the gender issue was addressed in the course of this evaluation and is well received, the evaluation team noted that it is sparsely documented in the evaluation reports, and was raised only selectively during the interviews.

63. All things considered, and even if there is room for improvements, UNCTAD's record in capacity building should be viewed positively, in particular when one sets aside activities or programmes which should not be claimed to be capacity building and which indeed do not meet capacity building performance criteria.

64. UNCTAD' best capacity building programmes according to the evidence gathered in the course of this evaluation and based on the views expressed by the respondents that were consulted are programmes that combine focus, substantive competence at headquarters, an integrated approach, national ownership, institution building and a long-term perspective. DMFAS, investment-related programmes, ACIS and ASYCUDA are usually cited among the programmes that best meet these criteria and are considered to be successful.

**Annex I**

## PROGRAMMES RETAINED FOR CAPACITY BUILDING ANALYSIS[1]

- DMFAS - Debt Management and Financial Analysis System (1998)
- JITAP - Joint UNCTAD/WTO/ITC Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (2002)
- Commercial Diplomacy Programme, including the Francode/AIF programme (2001)
- Competition Law and Policy and Consumer Protection (1999)
- IPRs - National Investment Policy Reviews (1999)
- MFI - Multinational Framework on Investment (1999)
- IIAs - Capacity Building for International Investment Agreements
- EMPRETEC – Entrepreneurship and SME Development (2000)
- ASYCUDA - Automated System for Customs Data (1995)
- TRAINMAR – Human Resource Development in Maritime Trade (2001)
- TrainForTrade – Human Resource Development in Trade-related Institutions (1997)
- Trade Point – Facilitating the Participation of SMEs in International Trade (1998)

[1] The year when the programmes were last evaluated is indicated between parentheses.

## Annex II

## EVALUATION PROCESS

1. Once the concepts of capacity building and performance were clarified, the next step in the evaluation process was to proceed with a detailed review of all the evaluation reports made available to the evaluation team by the Programme, Planning and Assessment Unit (PPAU). The evaluation team extracted elements that relate to capacity building activities and programme performance. Information gaps were identified and retained for further examination.

2. Semi-structured interviews were then held with programme representatives covering the following topics:

(a) Identification of key capacity building activities of programmes and (directly or indirectly) clarification of the capacity building concept;

(b) Discussion of programme capacity building performance along the five dimensions stated earlier, namely relevance, effectiveness, efficiency, sustainability and impact;

(c) Obstacles to capacity building and key success factors.

3. Interviews were conducted with a wide range of beneficiaries and donors based in Geneva. Field missions took place in a selected number of countries allowing for an optimal coverage of UNCTAD's major capacity building programmes. Countries visited were Romania, Uganda and Viet Nam, which have benefited from many of UNCTAD capacity building programmes.

4. As per the terms of reference, the evaluation team worked independently yet under the methodological guidance of PPAU. The evaluation team expresses its highest appreciation to the PPAU team for its invaluable support, both methodological and logistical.

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# IMPLEMENTATION OF THE RECOMMENDATIONS ARISING FROM THE IN-DEPTH EVALUATION OF THE EMPRETEC PROGRAMME

Progress report by the UNCTAD secretariat

**Executive summary**

The Empretec Programme has continued to give priority to implementing the recommendations of the External Evaluation and considerable progress has been made. Currently, many of the recommendations have been implemented and others are in the process of being implemented. To implement the remaining recommendations, another $70,000 is needed. The remaining activities are particularly important for determining the best practices and monitoring the performance of Empretec National Centres. For UNCTAD to play a much greater leadership and monitoring role, to expand the programme to other countries and geographical regions and to build on it with a view to UNCTAD XI, substantial extrabudgetary support is needed.

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## INTRODUCTION

1. The Empretec Programme has continued to give priority to implementing the recommendations of the External Evaluation and considerable progress has been made. Currently, many of the recommendations have been implemented and others are in the process of being implemented. However, there are some recommendations that cannot be fully implemented in a satisfactory manner because of the lack of resources.

## I. MANAGEMENT INFORMATION SYSTEM

| | |
|---|---|
| *Recommendation H:* | *"UNCTAD/Empretec should make available to national programmes a unified software solution to Management Information System (MIS) needs that are not yet met"* |
| *Status:* | *System designed and installation ongoing* |
| *Recommendation C:* | *"With the assistance of national programmes, UNCTAD/Empretec should produce an inventory of all existing technical seminars"* |
| *Status:* | *Started and ongoing* |

2. Verification of the ability of Empretec National Centres (ENCs) to meet the technical specifications for the hardware, software and services for the Management Information System (MIS) was carried out. According to the results of the surveys and field missions, the ENCs are able to meet necessary technical requirements, but many of them will need assistance to use the system efficiently.

3. The Lotus Notes client software was purchased and installed in each national centre. Installation manuals and guidelines for building national databases and subsites were made available. Intensive contacts between UNCTAD and ENCs, and also among ENCs, are already being facilitated by the system.

4. To date, installation, and training and assistance in the implementation and use of the national centre's database, have been carried out for about half of the Empretec countries, including Argentina, Chile, Ethiopia, Ghana, Jordan, Morocco, Romania, Uganda, Uruguay and Zimbabwe, as well as for the Palestinian Territory. Installation of the system in all Latin and Central American Centres should be completed by the end of 2002 if funding becomes available.

5. The Centres have reacted very positively to the MIS, in terms of its efficiency, user-friendliness and compatibility with other existing systems (i.e. UNDP's Performance Tracking Indicators System). The Empretec MIS replication process (where data entered by an individual Centre are automatically transferred to update the main system hosted in Geneva) is also working successfully, enabling rapid data exchange between the ENCs and Geneva.

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| *Recommendation I:* | *"UNCTAD/Empretec should set up and manage a web site open to all the international community"* |
| *Status:* | *Web site established; management of the site ongoing* |

6. The performance indicators were discussed and agreed with all Empretec Centres. Many of them have already been discussed and endorsed by the Committee of Donor Agencies for SME Development. An initial assessment of and report on the Centres' performance and impact using the Empretec Performance Indicators are scheduled for the end of the year.

7. The Empretec website (www.empretec.net) has undergone a general overhaul to improve its user-friendliness and to expand the range of services provided (restricted areas, layout reorganization, Electronic Business Opportunities (EBOs) etc.). The EBOs section will not only enhance trade exchanges but also focus on the networking possibilities throughout the already existing Empretec network. The launching of the EBOs is scheduled to take place early next year. Each Centre is designing and launching its own mini-website as a fundamental tool to interact with the business community.

## II. DIRECTORS' MEETING

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| *Recommendation K:* | *"Organization by UNCTAD/Empretec of a yearly meeting of Empretec national directors"* |
| *Status:* | *Meeting held/scheduled for 2001 and 2002: Ongoing* |

8. On the basis of a consensus agreed during the last directors' meeting held in Geneva in November 2001, the next directors' meeting is scheduled to take place in Morocco in October 2002. All Centres have noted the importance of this event in developing and strengthening both national and global Empretec programmes. UNDP and Enterprise Africa have agreed to participate. The meeting will be organized on a cost-sharing basis as far as possible. When the directors are better able to assess the value of this meeting, their willingness to cover most of their own costs will increase and they will be asked to make the necessary allocations to their national budgets. It is expected that an international directors' meeting will be held annually and the location will be determined by the specific financial conditions of the host Centre and the strategic interests of the Programme in general. Funding will be needed for Empretec staff to attend the annual meeting.

## III. PRODUCT DEVELOPMENT

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| *Recommendation A:* | *"UNCTAD/Empretec should undertake a systematic review of EDP (core seminars)"* |
| *Status:* | *Complete* |

9. All core activities have been reviewed and updated by the Latin American Technical Expert Committee (TEC – committee of senior advisers and trainers with extensive experience and knowledge of the Empretec methodologies). Translation of the training (trainer and participant) manuals from Spanish into English and French is being carried out. Translation into Arabic and other local languages is also under way. Activities include the Entrepreneurial Training Workshop (ETW), the Intrapreneurship Training Workshop (ITW), the Business Plan Module and Agrotec.

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| *Recommendation B:* | *"UNCTAD/Empretec should make sure that the experience gained in the EDP in the public sector is transferred to all interested national programmes"* |
| *Status:* | *Complete* |
| *Recommendation D:* | *"UNCTAD/Empretec should develop a standard Business Planning training package"* |
| *Status:* | *Complete and ongoing* |

10. The Intrapreneurship programme has been diffused to Central America, and sub-Saharan countries and Morocco. Both the Intrapreneurship programme and the Business Plan module are included in the portfolio of services offered to each new country programme and transfer of the methodologies is being facilitated at the request of established country programmes.

## IV. TRAINING OF TRAINERS

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| *Recommendation E:* | *"UNCTAD/Empretec should urgently address the need to train new trainers and retrain older ones"* |
| *Status:* | *Ongoing* |
| *Recommendation J:* | *"Organization by UNCTAD/Empretec of yearly meeting of trainers"* |
| *Status:* | *Ongoing* |

11. Empretec considers the retraining of its some 250 trainers a critical recommendation of the External Evaluation in order to diffuse the new updated methodologies. Two Training of Trainers (TOT) seminars are planned for Latin America for 60 selected trainers. Trained trainers will be encouraged to share the new

information with their colleagues. Another seminar for the African region will be organized for early 2003.

***Certification of Trainers***

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| *Recommendation F:* | *"UNCTAD/Empretec should devise a compulsory system of certification for all trainers"* |
| *Status:* | *Complete and being implemented by ENCs* |

12. A methodology for the certification of trainers has been designed and documented, and is being implemented by each Centre on the basis of the knowledge, experience and agreement of all ENCs. This methodology ensures enhanced interaction between the ENCs and UNCTAD/Empretec in terms of feedback and quality control of trainer certification. The global certification process will lead to a roster of elite trainers who can participate in South-South cooperation by providing their services across borders.

***Certification of Empretecos***

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| *Recommendation G:* | *"UNCTAD/Empretec should introduce a certification process for Empretecos"* |
| *Status:* | *Complete and being implemented by ENCs* |

13. The certification process for Empretecos (participants in the Empretec Training Workshop) has been agreed and is being applied by each ENC.

## V. PERFORMANCE IMPROVEMENT

14. UNCTAD/Empretec is helping several ENCs to undertake an analysis of their operations in order to improve their management, efficiency and sustainability. This is being done in cooperation with professional service organizations such as BESO and INCOFIN. At the same time, Empretec is developing a portfolio of products and services programmes to strengthen the capacity of ENCs to serve their clients, such as credit windows (based on Empretec Ghana), a linkage programme between TNCs and SMEs, and also a more gender-sensitive programme that addresses women entrepreneurs' specific needs. Some of these services are being developed together with other agencies such as UNIDO and ITC.

## VI. CONCLUSION

15. Work on implementing the recommendations of the External Evaluation of the Empretec Programme has been continued since the Working Party meeting in

September 2001. Most of the recommendations have been implemented, this having been achieved by the extra effort and dedication of the Empretec team in Geneva, and the extraordinary support provided by the Empretec National Centres.

16. To implement the remaining recommendations (completing the MIS installation in Latin America, and undertaking the benchmarking exercise) another $70,000 is needed. Both activities are particularly important for determining best practices and monitoring the performance of ENCs.

17. For UNCTAD to play a much greater leadership and monitoring role (including quality assurance, implementation assistance, international networking and benchmarking), to expand the programme to other countries and geographical regions and to build on it with a view to UNCTAD XI, substantial extrabudgetary support is needed.